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COMMITTEE ON  
AGRICULTURE

COMMITTEE ON  
FINANCIAL SERVICES

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1013

November 19, 2012

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street & Constitution Ave NW  
Washington, DC 20551

The Honorable Thomas J. Curry  
Comptroller  
Office of the Comptroller of the Currency  
250 E Street SW  
Washington, DC 20219

The Honorable Martin J. Gruenberg  
Acting Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20551

Dear Chairman Bernanke, Comptroller Curry, and Acting Chairman Gruenberg:

As the representative of Georgia's 13<sup>th</sup> Congressional district, I want to express my support for your efforts to improve capital standards for banking institutions to ensure that every bank regardless of size has a sufficient financial buffer to absorb losses. Following the financial crisis, banks across my state increased the capital they hold as a result of new requirements. The failure to set appropriate minimum capital levels and properly evaluate the quality of a bank's capital puts not only the bank at risk, but its customers and local economies in which a bank operates as well.

However, through these efforts to strengthen the banking system by means of new requirements, community banks in Georgia have suffered from the burden of maintaining unnecessarily high levels of capital. As you are aware, Georgia is the national leader in bank failures, with nine institutions in the state shuttering this year alone. Community banks have conveyed to me great concern regarding the proposed rules on capital requirements, and the effect they would have on bank lending and on the local economy in my home state. Banking institutions in Georgia have expressed that the proposed Basel III rules on mortgage and small business loans will require them to dramatically increase their capital and liquidity holding on small business loans and mortgages, in turn reducing Georgians' access to these loans. This is especially concerning during this time of economic recovery, and where the unemployment rate in Georgia is above the national average at nine percent.

These capital standards proposals would essentially alter how banks determine their regulatory capital requirements. The anticipated rules have the potential to pose substantial risk to financial institutions, especially community and regional banks, as the distinctions in the proposed rules are not large enough to reflect the different sizes of institutions. I ask that you take appropriate time to study the potential impact of each rule change on the banking industry, and to adopt new, straightforward capital rules, which distinguish between the systemic risk that megabanks, regional banks and community banks pose. I appreciate your attention to this important issue.

Sincerely,



David Scott  
Member of Congress

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